

# Torex Announces Q1 2019 Production Results and the Successful Completion of the First Blast With the Muckahi Mining System

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TORONTO, April 03, 2019 - [Torex Gold Resources Inc.](#) (the "Company" or "Torex") (TSX:TXG) reports that in Q1 2019, 76,500 ounces of gold were sold, at an average realized price of \$1,301 per ounce. 77,800 ounces of gold were produced. Debt principal was reduced by \$18.6 million, and cash balances at the end of the quarter were \$119 million, including \$26.8 million of restricted cash. The Company is also pleased to announce that field trials are underway for the first piece of equipment for the proprietary Muckahi mining system. The first tunneling blast of the field trials was taken on March 26<sup>th</sup>. The round was successfully drilled from the monorail mounted Muckahi jumbo drill. The second piece of equipment, the Muckahi service platform, is currently at the Mexican border and is expected to be in service this quarter.

Fred Stanford, President & CEO of Torex stated:

"After so many years in concept development, machine design, and more recently machine manufacturing, it was truly rewarding to see this first part of the innovative Muckahi mining system come to life and perform the way it was expected to perform. This outcome is a credit to all of the people over the years that believed a different way to mine was possible and contributed ideas and support to transform that possibility into a reality. In recent years, this includes our Board of Directors, Robert Rennie and team from Medatech, and many from within Torex, including Bernie Loyer for machine design and project management, Dawson Proudfoot, Danny Lavigne, and Brian Truman for process design and leadership in the field trials. The team is looking forward to completing the field trials in 2019. The goal is to demonstrate the Muckahi mining system capabilities over the full development cycle for tunneling, including on a minus 30-degree gradient, and to demonstrate the capability of the system to lower costs in long hole open stope mining. Exciting times!"

"On the production front, many know that skarn deposits are variable. We have seen the upside and downside of that variability in past quarters. Guidance in 2019 was weighted to H2 in expectation of managing through more of the downside of variability in H1. In Q1, we mined the bottom of one pit area and opened up the top of another, with the expected grade and tonnage variability that comes at the edges of the deposit. There is also variability in the hardness of the rock types within the deposit. The weighted average Bond Ball Mill Work Index (BMWI) for the deposit is 17 kwh/tonne, with the highest BMWI at 29 kwh/tonne for El Limon hornfels. In H1 we are mining a disproportionate amount of these hornfels. The proportion of hornfels will decline through the year, which will be advantageous for plant throughput rates. An unexpected variability in Q1, was a "slug" of cyanide soluble iron that is believed to have originated from the El Limon Sur pit. Significant concentrations of cyanide soluble iron had not been encountered before and it increased cyanide consumption rates in the plant until the "pocket" was mined out. Copper variability also affected cyanide consumption. In spite of this, gold recoveries came in at 88.2% for the quarter, above the design rate of 87%. Such is life when mining a skarn. Character building when variability goes against us, all smiles when variability is in our favour."

"Guidance for 2019 remains unchanged. Gold production is expected to increase in each quarter of the year."

About Torex

Torex is an intermediate gold producer based in Canada, engaged in the exploration, development and operation of its 100% owned Morelos Gold Property, an area of 29,000 hectares in the highly prospective Guerrero Gold Belt located 180 kilometers southwest of Mexico City. The Company's principal assets are the El Limón Guajes mining complex (the "ELG Mine Complex"), comprised of the El Limón, Guajes and El Limón Sur open pits, the El Limón Guajes underground mine including zones referred

to as Sub-Sill and El Limón Deep, and the processing plant and related infrastructure, which is in the commercial production stage as of April 1, 2016, and the Media Luna deposit, which is an early stage development project, and for which the Company issued an updated preliminary economic assessment ("PEA") in September 2018. The property remains 75% unexplored.

For further information, please contact:

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## CAUTIONARY NOTES

### PRELIMINARY ECONOMIC ASSESSMENT

The Media Luna PEA includes information on Muckahi. It is important to note that Muckahi is experimental in nature and has not been tested in an operating mine. Many aspects of the system are conceptual, and proof of concept has not been demonstrated. Drill and blast fundamentals, standards and best practices for underground hard rock mining are applied in the Muckahi, where applicable. The proposed application of a monorail system for underground transportation for mine development and production mining is unique to underground hard rock mining. There are existing underground hard rock mines that use a monorail system for transportation of materials and equipment, however not in the capacity described in the technical report released (the "Technical Report") on September 4, 2018, entitled "NI 43-101 Technical Report ELG Mine Complex Life of Mine Plan and Media Luna Preliminary Economic Assessment", which has an effective date of March 31, 2018 and is available on the Company's website at [www.torexgold.com](http://www.torexgold.com) and filed on SEDAR at [www.sedar.com](http://www.sedar.com). Aspects of Muckahi mining equipment are currently in the design stage. The mine design, equipment performance and cost estimations are conceptual in nature, and do not demonstrate technical or economic viability. The approximate timeframe to develop and test the concept would be by the end of 2019, and for the mine development activities, by the end of the second quarter 2023. Further studies would be required to verify the viability of Muckahi. Muckahi is not intended as a "trade off study" but is shown to merely demonstrate the potential benefits Muckahi may have using the Media Luna deposit as an example. It includes inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves, and there is no certainty that the preliminary economic assessment will be realized. It cannot be assumed that all or any part of the inferred mineral resources will ever be upgraded to a higher category. Furthermore, there is no certainty that the conclusions or results as reported in the Media Luna PEA will be realized. Mineral resources that are not mineral reserves do not have demonstrated economic viability.

The ability to develop and test the Muckahi mining system is dependent on available funding from Torex's resources including distributions from its operating subsidiary, Minera Media Luna, S.A. de C.V. ("MML"). The \$400 million debt facility places restrictions on the amount that MML may distribute to Torex. There is no assurance that the Company will be able to complete the development and testing of Muckahi as planned.

### FORWARD LOOKING STATEMENTS

This press release contains "forward-looking statements" and "forward-looking information" within the meaning of applicable Canadian securities legislation. Notwithstanding the Company's efforts, there can be no guarantee that the Company will not face unforeseen delays or further disruptions of its operations. Forward-looking information also includes, but is not limited to, the results of the Media Luna PEA, the Company will achieve the full year guidance as initially released, the expected successful completion of the ramp-up of the processing plant to consistently produce at design rates, achieving the expected net benefits (including cost reductions) of the SART plant, expectation that the proportion of hornfels processed will decline through the year, which will be advantageous for plant throughput rates, plans in the second half of 2019, plans to continue to examine the potential of the Muckahi mining system with the goal of demonstrating the Muckahi mining system capabilities over the full development cycle for tunneling, including on a minus 30-degree gradient, and demonstrating the capability of the system to lower costs in long hole

open stope mining, the expectation that the cyanide soluble iron is in a &lsquo;pocket&rsquo; of the deposit, and continued safety and security. Generally, forward-looking information can be identified by the use of forward-looking terminology such as "plans", "expects", "estimates", "intends", "anticipates", "believes" or &ldquo;potential&rdquo; or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might", or "will be taken", "occur", or "be achieved". Forward-looking information is subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking information, including, without limitation, uncertainty as a result of the preliminary nature of the PEA and the Company&rsquo;s ability to realize the results of the PEA, uncertainty regarding the inclusion of inferred mineral resources in the mineral resource estimate, uncertainty involving resource estimates and the ability to extract those resources economically, or at all, risks associated with skarn deposits, risks associated with new mining technology, and those risk factors mentioned in the press release and identified in the Technical Report and the Company&rsquo;s annual information form (&ldquo;AIF&rdquo;) and management&rsquo;s discussion and analysis (&ldquo;MD&A&rdquo;). Forward-looking information are based on the assumptions discussed in the Technical Report, the MD&A, the AIF and elsewhere in the Company&rsquo;s public disclosure and such other reasonable assumptions, estimates, analysis and opinions of management made in light of its experience and perception of trends, current conditions and expected developments, and other factors that management believes are relevant and reasonable in the circumstances at the date such statements are made. Although the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in the forward-looking information, there may be other factors that cause results not to be as anticipated. There can be no assurance that such information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers should not place undue reliance on forward-looking information. The Company does not undertake to update any forward-looking information, whether as a result of new information or future events or otherwise, except as may be required by applicable securities laws.

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